

**COMMON GROUND HEALTH CLINIC, INC.**

**Financial Statements as of December 31, 2011 and 2010  
and for the Years Then Ended  
and Independent Auditors' Report  
and Supplemental Information**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 17 2012**

**COMMON GROUND HEALTH CLINIC, INC.**

**TABLE OF CONTENTS**

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS AS OF DECEMBER 31, 2011 AND 2010 AND FOR THE YEARS THEN ENDED:	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8
OTHER REPORTS AND SUPPLEMENTAL INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Report on Compliance with Requirements Applicable to the Major Program and on Internal Control over Compliance in Accordance with Office of Management and Budget (OMB) Circular A-133	17
Schedule of Expenditures of Federal Awards	19
Schedule of Findings and Questioned Costs	20
Schedule of Prior Year Findings and Questioned Cost	21

# Silva Gurtner & Abney

Certified Public Accountants & Consultants

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Common Ground Health Clinic, Inc.  
Algiers, Louisiana

We have audited the accompanying statements of financial position of Common Ground Health Clinic, Inc. (a non-profit corporation) as of December 31, 2011 and 2010, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Common Ground Health Clinic, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Common Ground Health Clinic, Inc. as of December 31, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2012 on our consideration of Common Ground Health Clinic, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants as of December 31, 2011, and for the year then ended. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Common Ground Health Clinic, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Silva Gurtner & Abney, LLC*

June 29, 2012

**COMMON GROUND HEALTH CLINIC, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2011 AND 2010**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 178,548	\$ 85,679
Restricted cash	33,025	245,275
Accounts receivable	64,655	-
Grants receivable	19,256	245,612
Prepays and other assets	35,344	65,229
<b>Total current assets</b>	<b>330,828</b>	<b>641,795</b>
<b>PROPERTY AND EQUIPMENT, net</b>		
Building, land, and construction in progress (not in service)	111,470	141,426
Leasehold improvements, furniture, and equipment, net	29,675	58,734
<b>Total property and equipment, net</b>	<b>141,145</b>	<b>200,160</b>
<b>TOTAL ASSETS</b>	<b>\$ 471,973</b>	<b>\$ 841,955</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 48,265	\$ 72,381
Unearned grant revenues	33,025	474,438
<b>Total current liabilities</b>	<b>81,290</b>	<b>546,819</b>
<b>NET ASSETS</b>		
Unrestricted	390,683	295,136
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 471,973</b>	<b>\$ 841,955</b>

See accompanying independent auditors' report and notes to the financial statements.

**COMMON GROUND HEALTH CLINIC, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>OPERATING REVENUES</b>		
Medicare and Medicaid	\$ 771,694	\$ -
Grants - governmental	508,322	787,351
Donated services	32,952	62,419
Patient payments	32,792	31,087
Grants - foundation, trust, and non-profit	31,731	110,902
Contributions	20,629	28,995
Fundraising	15,351	-
Donated medical supplies	596	21,175
Other income	<u>7,264</u>	<u>14,867</u>
 Total operating revenues	 1,421,331	 1,056,796
 <b>OPERATING EXPENSES</b>		
Health care	861,322	808,675
Management and general	<u>427,106</u>	<u>424,541</u>
 Total operating expenses	 <u>1,288,428</u>	 <u>1,233,216</u>
 <b>CHANGE IN NET ASSETS BEFORE DISPOSITION OF BUILDING</b>	 132,903	 (176,420)
 <b>DISPOSITION OF BUILDING</b>	 <u>37,356</u>	 <u>-</u>
 <b>CHANGE IN NET ASSETS</b>	 95,547	 (176,420)
 <b>NET ASSETS - Beginning of year</b>	 <u>295,136</u>	 <u>471,556</u>
 <b>NET ASSETS - End of year</b>	 <u><u>\$ 390,683</u></u>	 <u><u>\$ 295,136</u></u>

See accompanying independent auditors' report and notes to the financial statements.

**COMMON GROUND HEALTH CLINIC, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Health Care</u>	<u>Management and General</u>	<u>Total Expenses</u>
<b>EXPENSES</b>			
Accounting fees	\$ -	\$ 74,680	\$ 74,680
Bank fees	-	1,462	1,462
Biohazard and trash removal	478	728	1,206
Community and educational stipends	8,964	-	8,964
Computer services	-	27,397	27,397
Depreciation and amortization	19,021	10,038	29,059
Donated services	32,952	-	32,952
Donated supplies	596	-	596
Fundraising/marketing events	-	21,522	21,522
Insurance	84,840	7,898	92,738
Lab testing and diagnostics	40,908	-	40,908
Office expenses	-	15,461	15,461
Patient billing services	850	-	850
Postage	-	4,071	4,071
Professional fees and contract labor	8,232	14,377	22,609
Rent	17,745	655	18,400
Repairs and maintenance	14,741	2,360	17,101
Salaries, related payroll taxes and benefits	596,741	181,692	778,433
Supplies	12,559	23,353	35,912
Travel, conferences, and staff development	11,889	-	11,889
Utilities	5,392	34,336	39,728
Volunteer and patient transport	622	-	622
Volunteer and patient meals	367	-	367
Other	4,425	7,076	11,501
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 861,322</u>	<u>\$ 427,106</u>	<u>\$ 1,288,428</u>

See accompanying independent auditors' report and notes to the financial statements.

**COMMON GROUND HEALTH CLINIC, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Health Care</u>	<u>Management and General</u>	<u>Total Expenses</u>
<b>EXPENSES</b>			
Accounting fees	\$ -	\$ 75,531	\$ 75,531
Bank fees	-	-	-
Biohazard and trash removal	1,482	100	1,582
Community and educational stipends	27,201	-	27,201
Computer services	-	-	-
Depreciation and amortization	15,658	14,978	30,636
Donated services	62,419	-	62,419
Donated supplies	21,268	-	21,268
Fundraising/marketing events	-	-	-
Insurance	57,768	5,377	63,145
Lab testing and diagnostics	27,465	-	27,465
Office expenses	-	-	-
Patient billing services	-	-	-
Postage	-	3,231	3,231
Professional fees and contract labor	23,297	98,995	122,292
Rent	17,986	664	18,650
Repairs and maintenance	18,389	2,944	21,333
Salaries, related payroll taxes and benefits	492,505	149,955	642,460
Supplies	16,742	31,130	47,872
Travel, conferences, and staff development	9,510	-	9,510
Utilities	4,085	26,012	30,097
Volunteer and patient transport	566	-	566
Volunteer and patient meals	2,564	-	2,564
Other	9,770	15,624	25,394
	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 808,675</u>	<u>\$ 424,541</u>	<u>\$ 1,233,216</u>

See accompanying independent auditors' report and notes to the financial statements.



**COMMON GROUND HEALTH CLINIC, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 95,547	\$ (176,420)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	29,059	30,636
Change in operating assets and liabilities:		
Accounts receivable	(64,655)	-
Grants receivable	226,356	(229,851)
Prepays and other assets	29,885	(3,926)
Accounts payable and accrued liabilities	(24,116)	69,632
Unearned grant revenues	<u>(441,413)</u>	<u>(550,863)</u>
Net cash used in operating activities	(149,337)	(860,792)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to building, land, and construction in progress	(7,400)	(91,570)
Disposition of building	<u>37,356</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>29,956</u>	<u>(91,570)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(119,381)</b>	<b>(952,362)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>330,954</u>	<u>1,283,316</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u><b>\$ 211,573</b></u>	<u><b>\$ 330,954</b></u>
<b>RECONCILIATION TO THE STATEMENTS OF FINANCIAL POSITION:</b>		
Cash and cash equivalents	\$ 178,548	\$ 85,679
Restricted cash	<u>33,025</u>	<u>245,275</u>
Total cash and cash equivalents	<u><b>\$ 211,573</b></u>	<u><b>\$ 330,954</b></u>

See accompanying independent auditors' report and notes to the financial statements.

**COMMON GROUND HEALTH CLINIC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Activities*** – Common Ground Health Clinic, Inc. (the Clinic) is a community-based, non-profit clinic that provides high quality health care for the greater New Orleans community, and develops and provides programs to address community health care needs through collaborative partnerships.

The Clinic was founded on September 9, 2005; just days after Hurricane Katrina devastated the Gulf Coast. The Clinic became a registered 501(c)(3) tax exempt organization in April 2006.

The Clinic is governed by a twelve (12) member Board of Directors all of whom serve a two (2) year term.

In order to assist in meeting its goals and mission of providing services as a primary health care clinic, the Clinic has applied for and has been awarded government grants. During the years ended December 31, 2011 and 2010, the Clinic received and administered the Primary Care Access and Stabilization Grant program. This grant, administered by the Louisiana Public Health Institute, a non-profit corporation funded through the Department of Health and Hospitals, provides neighborhood-based, integrated health care services to residents in hurricane-affected communities.

***Basis of Reporting*** – The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Clinic classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.

A description of the three net asset categories is as follows:

*Unrestricted net assets* include funds not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of the Clinic are included in this category. The Clinic has determined that any donor-imposed restrictions for current or developing programs and activities met within the operating cycle of the Clinic are recorded as unrestricted net assets.

*Temporarily restricted net assets* include realized gains and losses, investment income and gifts, and contributions for which donor-imposed restrictions have not been met. There were no temporarily restricted net assets as of December 31, 2011 and 2010.

*Permanently restricted net assets* are contributions which are required by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor-imposed restrictions. There were no permanently restricted net assets as of December 31, 2011 and 2010.

**COMMON GROUND HEALTH CLINIC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)**

***Use of Estimates*** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Revenue Recognition*** – Revenues received under government grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

***Unearned Grant Revenues*** – The Clinic reports grants received prior to the related services being performed as unearned grant revenues. Unearned grant revenues were \$33,025 and \$474,438 as of December 31, 2011 and 2010, respectively.

***Donated Services and Medical Supplies*** – Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Clinic. Donated medical supplies are recorded as received and include medications and related medical supplies donated to the Clinic.

***Functional Allocation of Expenses*** – The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities and change in net assets and statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited based on actual amounts or management's best estimate.

***Cash Equivalents*** – For purposes of the statements of cash flows, the Clinic considers all investments purchased with a maturity of three months or less to be cash equivalents.

***Restricted Cash*** – Restricted cash included \$33,025 as of December 31, 2011, which was restricted for the Foundation of Mid-South grant, and \$245,275 as of December 31, 2010, which was restricted for the Primary Care Access and Stabilization Grant (PCASG) program.

***Compensated Absences*** – The Clinic does not allow any compensated absences to carry over from any prior fiscal year, unless approved in writing by management. Unused compensated absences are paid out to employees on a case-by-case basis based solely on management's discretion, and thus is not estimable for financial statement reporting purposes.

**NOTE B – CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are stated at cost, which approximates market. Bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From December 31, 2010 through December 31, 2012, the FDIC will fully insure all noninterest-bearing transaction accounts, regardless of the account balance and the ownership capacity of the funds. The coverage on noninterest-bearing accounts is separate from, and in addition to, the insurance coverage provided for a depositor's other accounts held at an FDIC-insured bank.

**COMMON GROUND HEALTH CLINIC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE B – CASH AND CASH EQUIVALENTS, (continued)**

The bank balances for the Clinic, at times, may exceed federally insured limits. Management has not experienced any losses in the past, and does not believe the Clinic is exposed to a significant amount of credit risk. The Clinic had no uninsured funds as of December 31, 2011 and 2010.

**NOTE C – ACCOUNTS RECEIVABLE**

The Clinic accepts any collectible payments from patients at the time of service. Billings for patients not received at the time of service are considered uncollectible and written off using the direct write-off method. As such, for the years ended December 31, 2011 and 2010, the Clinic had no accounts receivable from patients.

In 2011, the Clinic primarily received payment for services rendered from the Medicaid-run program GNOCHC. The billing software used to electronically submit claims for payment was installed during 2011 but was not being utilized as of December 31, 2011. Therefore, the Clinic had to manually bill Medicare and Medicaid for services which were considered uncollectible due to the time lag expected to take for CMS to process the billings. As such, the Clinic only had accounts receivables from GNOCHC for \$64,655 as of December 31, 2011. The Clinic had no accounts receivable as of December 31, 2010.

The Clinic began electronically processing Medicare, Medicaid and private pay insurance claims in 2012.

**NOTE D – LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT**

Leasehold improvements, furniture, and equipment of the Clinic are recorded as assets and are stated at historical costs, if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Leasehold improvements are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	3 to 7 years
Leasehold improvements	5 years

**COMMON GROUND HEALTH CLINIC, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE D – LEASEHOLD IMPROVEMENTS, FURNITURE, AND EQUIPMENT, (continued)**

As of December 31, 2011 and 2010, such assets and related accumulated depreciation consisted of the following:

	<u>2011</u>	<u>2010</u>
Leasehold improvements	\$ 31,621	\$ 31,621
Furniture and equipment	140,180	140,180
Accumulated depreciation	<u>(142,126)</u>	<u>(113,066)</u>
Total, net	<u>\$ 29,675</u>	<u>\$ 58,734</u>

**NOTE E – BUILDING, LAND, AND CONSTRUCTION IN PROGRESS**

The Clinic purchased a building and land located on Newton Street in May 2009, which is a possible future permanent site for the Clinic. As of December 31, 2011 and 2010, the Clinic had incurred \$148,826 and \$141,426, respectively, in capital expenses related to the purchase and development of the site.

The Clinic's initial plan was to renovate and refurbish the existing building located at the site. However, during the year ended December 31, 2011, the Clinic decided to demolish the building in lieu of renovating it. As a result, the Clinic incurred a non-operating expense for the disposal of the building in the amount of \$37,356, the amount of the original purchase price allocated to the building at acquisition.

**NOTE F – ECONOMIC DEPENDENCY**

The primary sources of revenue for the Clinic are Medicaid and grants. The continued success of the Clinic is dependent upon the receipt of Medicaid and the renewal of grants from current funding sources as well as obtaining new funding.

**NOTE G – GRANT REVENUES**

During the years ended December 31, 2011 and 2010, the Clinic recognized \$508,322 and \$787,351, respectively, of grants-governmental revenue from the Primary Care Access and Stabilization Grant (PCASG) program, administered by the Louisiana Public Health Institute, which represents 36% and 75%, respectively, of total operating revenues for the period.

**COMMON GROUND HEALTH CLINIC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE G – GRANT REVENUES, (Continued)**

As of December 31, 2011 and 2010, grant revenues consisted of the following:

	<u>2011</u>	<u>2010</u>
Primary Care Access and Stabilization Grant	\$ 508,322	\$ 787,351
Foundation of Mid-South *	(5,025)	52,772
Rand Corporation	19,256	-
Greater New Orleans Foundation	15,000	-
Baptist Community Ministries	2,500	47,500
New Voices	-	5,080
Other	-	5,550
	<u>          </u>	<u>          </u>
Total grant revenues	<u>\$ 540,053</u>	<u>\$ 898,253</u>

\* \$5,025 received for the Foundation of Mid-South grant during the year ended December 31, 2010 was reclassified as unearned grant revenue, resulting in a negative grant revenue balance for the Foundation of Mid-South grant for the year ended December 31, 2011.

**NOTE H – PATIENT REVENUES**

The Clinic provides medical assistance to eligible Medicaid and Medicare recipients and receives reimbursements from the State of Louisiana's Department of Health and Hospitals and the U.S. Department of Health and Human Services' Centers for Medicare and Medicaid Services (CMS) for claims submitted in conjunction with those services provided. For the years ended December 31, 2011 and 2010, the Clinic received \$771,694 and \$0, respectively, of Medicaid funds from the Greater New Orleans Community Health Connection (GNOCHC) waiver program. The GNOCHC program period is from October 2010 to December 2013.

In addition to the Medicare, Medicaid, and grant programs, the Clinic also provides healthcare to patients who do not qualify for these programs at low cost. For the years ended December 31, 2011 and 2010, the Clinic had \$32,792 and \$31,087, respectively, in patient revenues.

**NOTE I – BUILDING LEASES**

The Clinic leases their facility on a month-to-month basis. For the years ended December 31, 2011 and 2010, the Clinic had \$18,400 and \$18,650, respectively, in rent expense.

**COMMON GROUND HEALTH CLINIC, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011 AND 2010**

**NOTE J – INCOME TAXES**

The Clinic is exempt from federal income taxes through Section 501(c)(3) of the Internal Revenue Code. Management has evaluated its tax positions and has determined that there are no uncertainties in income taxes that require adjustments to or disclosures in the financial statements.

**NOTE K – CONTINGENCIES**

The Clinic is a recipient of several grants and awards of federal, state, and private foundation funds. These grants and awards are governed by various federal, state, and private foundation guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants and awards is under the contract and administration of the Clinic and is subject to audit and/or review by the applicable funding sources. Any grant or award funds found to be not properly spent in accordance with the terms, conditions, and regulations of the funding sources may be subject to recapture.

**NOTE L – DEFINED CONTRIBUTION PLAN**

All full-time employees meeting the minimum age and years of service requirements are covered by a defined contribution plan under the provisions of the Internal Revenue Code Section 401(k). Eligible employees who wish to participate are allowed to contribute up to maximum limits imposed by law of their annual compensation. The Clinic makes matching contributions of the employees' contribution up to the first 6% contributed for each participating employee. The Clinic incurred \$8,096 and \$14,547 during the years ended December 31, 2011 and 2010, respectively, for administrative costs and matching contributions.

**NOTE M – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, June 29, 2012, and determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

## **OTHER REPORTS AND SUPPLEMENTAL INFORMATION**



# Silva Gurtner & Abney

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of  
Common Ground Health Clinic, Inc.  
Algiers, Louisiana

We have audited the financial statements of Common Ground Health Clinic, Inc. as of December 31, 2011, and for the year then ended, and have issued our report thereon dated June 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered Common Ground Health Clinic, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Common Ground Health Clinic, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Common Ground Health Clinic, Inc.'s internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Common Ground Health Clinic, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Common Ground Health Clinic, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies, and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silva Gurtner & Abney, LLC*

June 29, 2012



Certified Public Accountants & Consultants

Brent A. Silva, CPA  
Craig A. Silva, CPA\*  
Thomas A. Gurtner, CPA\*  
Kenneth J. Abney, CPA, MS Tax\*  
\*Limited Liability Company

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OFFICE OF MANAGEMENT  
AND BUDGET (OMB) CIRCULAR A-133**

To the Board of Directors of  
Common Ground Health Clinic, Inc.  
Algiers, Louisiana

***Compliance***

We have audited the compliance of Common Ground Health Clinic, Inc. with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2011. Common Ground Health Clinic, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Common Ground Health Clinic, Inc.'s management. Our responsibility is to express an opinion on Common Ground Health Clinic, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Common Ground Health Clinic, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Common Ground Health Clinic, Inc.'s compliance with those requirements.

In our opinion, Common Ground Health Clinic, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2011.

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### ***Internal Control Over Compliance***

Management of Common Ground Health Clinic, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Common Ground Health Clinic, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Common Ground Health Clinic, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, federal awarding agencies, and pass-through entities and it is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Silva Gurtner & Abney, LLC*

June 29, 2012

**COMMON GROUND HEALTH CLINIC, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/ Pass through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Hospitals passed through Louisiana Public Health Institute:		
Centers for Medicare and Medicaid Services (CMS) Research, Primary Care Access and Stabilization Grant	93.779	\$ 508,322
Total Expenditures of Federal Awards		\$ 508,322

Notes to Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of Federal Awards includes the federal grant activity of Common Ground Health Clinic, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report and notes to the financial statements.

**COMMON GROUND HEALTH CLINIC, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**PART I – SUMMARY OF AUDITORS' RESULTS**

1. Type of report issued on the financial statements: **Unqualified**
2. Did the audit disclose any significant deficiencies in internal control: **None Reported**
3. Were any of the significant deficiencies material weaknesses: **Not Applicable**
4. Did the audit disclose any noncompliance which is material to the financial statements of the organization: **None Reported**
5. Did the audit disclose any significant deficiencies in internal control over major programs:  
**None Reported**
6. Were any of the significant deficiencies in internal control over major programs material weaknesses: **Not Applicable**
7. Type of report issued on compliance for major programs: **Unqualified**
8. Did the audit disclose any audit findings which the independent auditors are required to report under OMB Circular A-133, Section 510(a): **None Reported.**
9. The following is an identification of major programs:  
  
*Primary Care Access and Stabilization Grant, CFDA # 93.779*
10. The dollar threshold used to distinguish between Type A and Type B Programs, as described in OMB Circular A-133, Section 520(b) was **\$300,000.**
11. Did the auditee qualify as low-risk under OMB Circular A-133, Section 530: **Yes**

**PART II – FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS**

There are neither findings nor questioned costs.

**PART III –FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

There are neither findings nor questioned costs.

**COMMON GROUND HEALTH CLINIC, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**Part II – Financial Statement Findings and Questioned Costs**

There were neither findings nor questioned costs.

**Part III –Federal Award Findings and Questioned Costs**

There were neither findings nor questioned costs.